

FINANCE COMMITTEE

MINUTES

The Finance Committee/Full Council Meeting of the City of Willmar met at 5:15 on Thursday September 26th 2019 in Conference Room No. 1 at the City Office Building.

Present:	Audrey Nelsen	Chair
	Andrew Plowman	Member
	Rick Fagerlie	Member
	Julie Asmus	Member

Others present: Council Member Fernando Alvarado, Council Member Vickie Davis, Council Member Shawn Mueske, Finance Director Okins, and City Administrator Brian Gramentz

Item No. 1 **Call to Order**

The meeting was called to order at 5:15 p.m.

Item No. 2 **Public Comments**

There were no Public comments.

Item No. 3 **Recommended Action Items for the Council**

Mayor's Proposed 2020 Budget

The General Operating Budget includes approximately \$17.5 million in revenues plus \$1.7 from Fund Balance Reserves. These Reserves are mostly comprised of the excess from 2018 of \$840,000 plus the \$870,000 resulting from previous council action to abandon the early retirement program. Proposed expenditures for the General Fund are 19.2 million of which 1.7 million is for capital transfers out of operating. Proposed new revenue is a gas franchise fee of \$245,000. It should be noted there is a specific process required in order to institute a gas franchise fee. Further information will be provided at a future meeting as to what the approximate cost may be per customer. Future meetings will also open discussion about spending reserve dollars.

Information on tax levies in comparable communities will also be provided at a future date. Staff is waiting for updated information from the League of Minnesota Cities as the most recent information they have available is currently two years old.

Licenses/Permits Revenue is proposed to increase \$100,000 for previous years' budgets to reflect a more accurate estimate of \$566,000. Various governmental aids revenues were discussed. Fines/Forfeits Revenue reflects a slight decrease based on historical trends. Miscellaneous revenue, which includes interest earnings, has a proposed increase based on the assumption that interest rates will rise. Other Financing Sources is primarily the Intergovernmental Transfer from the Willmar Municipal Utilities. It was noted that the transfers from the hospital are now located in Miscellaneous Revenue as the hospital is no longer a governmental entity. Under Parks & Recreation Revenues, Gun Range Revenue is approximately \$4,500 and the Warhawks and Curling Club leases are broken out into different line items.

Under General Fund Expenditures, the City Administrator Department is proposing an increase of \$159,000 for possible professional services for an assistant city administrator to fund the ebb and flow of projects (ie the LOST program, etc.). Most communities the size of the City of Willmar typically have an assistant city administrator. Future meetings will continue discussion on this topic. Further discussion will also include salary ranges as well. There is a substantial increase in Elections Expenditures due to 2020 being

an election year as well as a census year. The Finance Department is increasing due to a proposed added position. General Government Nondepartmental is reflecting a substantial increase to accommodate personnel issues being addressed and anticipated health insurance increases. Anticipated health insurance rate increases have been reduced from 34.5% to 32.5% in 2020. Further discussion will be held at future meetings on the Nondepartmental amounts.

Overall, new positions include an additional Accounting Clerk position, an Assistant Fire Chief position, and two interns (one for the Human Resources Department and one for the Planning and Development Services Department).

Other funds briefly discussed were the Special Revenue Funds, Debt Service Funds, and Capital Projects Funds.

A handout was provided regarding the proposed Tax Levy which is proposed in the amount of 5.7million (which is approximately a 2.6% increase). The estimated impact on sample home values include:

\$140,000 home \$11.58 increase based on the City Portion of the 2019 taxes
176,000 home \$15.45 increase based on the City Portion of the 2019 taxes
344,000 home \$33.00 increase based on the City Portion of the 2019 taxes

Preliminary Tax Levy - (Resolution)

The Preliminary Tax Levy needs to be certified to the County Auditor by September 30th. This amount may be reduced but cannot be increased by the December 2nd, 2019, meeting. The Mayor is proposing a 2.6% increase on the current levy rate to raise the total dollar amount to \$5,776,821 in 2020. Concerns were raised regarding the combination of increasing the tax levy and instituting a gas franchise fee as well.

It was moved to recommend by Councilmember Plowman and seconded by Councilmember Asmus to introduce a Resolution to set the Preliminary Levy at \$5,924.657.

There being no further business to come before the Committee, the meeting was adjourned at 7:39 PM by Chair Nelsen.

Respectfully submitted,



Carol Cunningham
Accounting Coordinator